



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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Second District

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Third District

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Fourth District

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Fifth District

September 1, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

SACRAMENTO UPDATE

This memorandum contains an update on the State Budget and a report on the end of the 2009-10 Legislative Session which includes actions taken on various County-sponsored and County-advocacy measures.

State Budget

Today, Governor Schwarzenegger held a press conference to discuss the status of the State Budget, which is now 62 days overdue. The Governor stressed his commitment to continue working with legislative leaders to reach a compromise, but reaffirmed his support for major program reductions included in his FY 2010-11 May Budget Revision. In addition, the Governor emphasized that he would not sign a budget that lacks reforms to public pension systems or the State Budget process, and indicated that there is still time to reach agreement on his reform proposals.

On August 31, 2010, the Assembly and Senate voted to reject competing State Budget proposals presented by Democratic leaders and a newly-developed Republican Budget Proposal. As anticipated, both proposals lacked bipartisan support and failed to garner the necessary two-thirds vote for passage. The Republican Proposal failed to pass out of the Assembly by a 23 to 52 vote, while the Democratic Proposal fell short by a vote of 50 to 25. The two sides essentially disagree over \$4 billion to \$5 billion in budget solutions to solve the State's \$19.1 billion deficit.

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As previously reported, the Democratic Budget Proposal, which is contained in AB 1636 (Blumenfield) and AB 1609 (Blumenfield), would avoid major program reductions to health and human service programs proposed in the Governor's May Revision and it relies heavily on increased revenue projections from the delay of corporate taxes (\$2.1 billion), creation of an oil severance tax (\$600 million), and a complex tax scheme which would permanently increase the Vehicle License Fee, raise the Personal Income Tax while reducing the State sales tax rate (\$1.8 billion). The proposal also assumes \$700 million in additional Federal funds over the Governor's projections.

The Republican Budget Proposal, which was released on August 30, 2010, is contained in SB 873 (Hollingsworth) and AB 1633 (Garrick). The Republican proposal retains most of the Governor's Budget proposals including major program reductions to health and human services, such as the elimination of the CalWORKs and Child Care programs. However, unlike the Governor's May Revision proposals to increase water and homeowner insurance fees, the proposal excludes those fee increases and rejects the Governor's proposal to shift to non-serious, non-violent, and non-sex offenders with felony from State prisons to county jails.

End of the Legislative Session

August 31, 2010 signaled the end of the 2009-10 Legislative Session. The Legislature cannot pass any more bills unless they are urgency statutes, deal with tax levies, or appropriations, such as the State Budget. The Governor now has until September 30, 2010 to act on legislation passed before September 1, 2010 and in his possession on or after that date. Major legislative actions of interest to the County taken before the Legislature adjourned include:

Status of County-Sponsored Legislation

County-sponsored AB 496 (Davis), which as amended on July 15, 2010, would require that all expenses incurred in the preparation for and conduct of elections called by the Governor to fill a vacancy in the office of State Senator, Member of the Assembly, United States Senator or Representative in Congress, be paid by the State, was held in Senate Appropriations Committee due to potential costs to the State. Therefore, this measure is dead.

County-sponsored AB 2322 (Feuer and Bass), which as amended on August 19, 2010, would clarify and strengthen the ability of county departments to share records for the prevention, identification, management or treatment of child abuse or neglect, and expand the type of data that may be entered on the Family and Children's Index for persons living in the home with the child to include criminal convictions which involve

crimes against a child, passed the Assembly Floor by a vote of 77 to 0 on August 24, 2010. This measure now proceeds to the Governor. AB 2322 is an urgency bill and would be effective immediately if signed by the Governor.

County-sponsored AB 2554 (Brownley), which would authorize the Los Angeles County Flood Control District to implement storm water fees Countywide, in compliance with Proposition 218, upon adoption of an ordinance by the Board of Supervisors, passed the Assembly Floor for concurrence in Senate amendments by a vote of 48 to 26 on August 27, 2010, and now proceeds to the Governor's Desk.

County-sponsored AB 2599 (Bass and Hall), which as amended on August 20, 2010, would codify the agreement between Los Angeles County and the University of California and provide adequate and predictable funding for the new Martin Luther King, Jr. Hospital, passed the Assembly Floor by a vote of 46 to 15 on August 27, 2010. This measure now proceeds to the Governor.

County-sponsored AB 2699 (Bass), which as amended on August 27, 2010, would exempt out-of-state health care practitioners from California licensure requirements when they volunteer their time during a sponsored health care event, passed the Assembly Floor by a vote of 70 to 1 on August 31, 2010. This measure now proceeds to the Governor.

Change in Pursuit of County Position on Legislation

County-opposed-unless-amended AB 1987 (Ma), which as amended on August 27, 2010 would place limits on employee final compensation for retirement purposes, remove statutes of limitations on employer pension liabilities and would prohibit the rehiring of retirees for 180 days, passed the Assembly Floor by a vote of 77 to 0 vote on August 31, 2010. This measure now proceeds to the Governor.

The County requested several amendments, including deleting the provision which would limit the rehiring of retirees and memorializing of the Ventura decision, which added a variety of payable items to pensionable income. Since the proposed County amendments were not adopted, **the Sacramento advocates will oppose AB 1987 and request the Governor to veto this measure.**

County-supported-if-amended SB 346 (Kehoe), which as amended on August 25, 2010, would reduce the use of copper and other heavy metals in automobile brake friction materials starting in 2014, effectively remove copper from brake pad materials by January 1, 2025, and impose specified requirements on manufacturers and retailers of vehicles and brake friction materials, passed the Senate Floor for concurrence in

Assembly amendments by a vote of 31 to 6 on August 31, 2010. This measure now proceeds to the Governor.

The County was requesting that the bill be amended to include provisions recommending that State and Federal water regulatory bodies revise the Total Maximum Daily Load compliance schedules for copper to match the schedules for elimination of copper brake pad materials in the bill. Since these amendments were not adopted, **the Sacramento advocates will remove the County's support-if- amended-position and remain neutral on this measure.**

County-opposed-unless-amended SB 1425 (Simitian), which as amended on August 19, 2010, would: 1) revise the definition of creditable compensation; 2) limit the calculation of a member's final compensation to an amount not to exceed the average increase in compensation received within the final compensation period and the two preceding years; and 3) require that a retired person may not perform services for any employer covered by a State of local retirement system until that person has been separated from service for a period of at least 180 days, passed the Senate Floor by a vote of 36 to 0 on August 31, 2010. This measure now proceeds to the Governor.

The County requested several amendments to this measure, including deleting the provision which would limit the rehiring of retirees because those persons may have a special expertise that is crucial to County operations. Since these amendments were not adopted, **the Sacramento advocates will oppose SB 1425 and request the Governor to veto this measure.**

Status of County-Advocacy Legislation

County-support-in-concept AB 12 (Beall), which as amended on August 30, 2010, would enact the State option to use Federal Title IV-E funds to extend Foster Care and Kin-GAP benefits to youth up to 21 years of age, passed the Assembly Floor by a vote of 73 to 2 on August 31, 2010. This measure now proceeds to the Governor.

County-opposed AB 572 (Brownley), which as amended on September 2, 2009, would require charter schools governing boards to comply with conflict of interest requirements specified under the Brown Act or Bagley-Keene Open Meeting Act, the California Public Records Act and the Political Reform Act of 1974, passed the Assembly Floor by a vote of 51 to 27 on August 26, 2010. This measure now proceeds to the Governor.

County-supported AB 900 (De La Torre and De Leon), which as amended on August 27, 2010, would allow property tax overpayments, plus applicable interest to be

refunded directly to those property homeowners who were inappropriately taxed, passed the Assembly Floor by a vote of 75 to 0 on August 31, 2010. This measure now proceeds to the Governor. AB 900 is an urgency bill and would be effective immediately if signed by the Governor.

County-supported AB 1369 (Davis), which as amended on August 17, 2010, would expand the existing home detention program for jail inmates to allow the board of supervisors of any county to authorize the correctional administrator to implement this option to inmates eligible for bail, passed the Assembly Floor by a vote of 55 to 19 on August 27, 2010. This measure now proceeds to the Governor.

County-supported AB 1653 (Jones), which as amended on August 27, 2010, would revise provisions for the hospital provider fee to comply with Federal requirements to allow the State to drawdown additional Medi-Cal funds, passed the Assembly Floor by a vote of 77 to 0 on August 30, 2010. This measure now proceeds to the Governor.

County-supported AB 1844 (Fletcher), which as amended on August 17, 2010, would increase penalties for forcible sex acts committed against minors, passed the Assembly Floor by a vote of 74 to 0 on August 30, 2010. This measure now proceeds to the Governor.

County-supported AB 1998 (Brownley), which as amended on August 27, 2010, would prohibit specified retailers from providing single-use carryout bags to customers, authorize retailers to provide reusable bags that meet specified standards, and require retailers to provide recycled paper bags to customers for the actual average cost of the recycled paper bag, failed passage on the Senate Floor by a vote of 14 to 21. Therefore, this measure is dead.

County-opposed AB 2036 (B. Berryhill), which as amended on August 27, 2010, would require a local agency to make an electronic set of a project's contract documents available to a contractor plan room service free of charge, passed the Assembly Floor by a vote of 78 to 0 August 31, 2010. This measure now proceeds to the Governor. The Sacramento advocates will request the Governor to veto this measure.

County-opposed AB 2545 (De La Torre), which as amended on August 17, 2010, would require the California Public Utilities Commission to conduct a series of public meetings for the purpose of developing recommendation for collecting State and local government taxes, fees, and surcharges, including any local Utility Users Tax, for prepaid telephone calling cards and wireless services, was sent to the inactive file on August 31, 2010. Therefore, this measure is dead.

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County-supported SB 220 (Yee), which as amended on August 24, 2010, would require health care service plans and individual or group health insurance policies to provide coverage for tobacco cessation services, passed the Senate Floor by a vote of 22 to 13 on August 31, 2010. This measure now proceeds to the Governor.

County-supported SB 797 (Pavley), which as amended on June 24, 2010, would prohibit the commercial manufacture, sale, or distribution of any bottle or cup, or any liquid, food, or beverage in a can or jar, containing Bisphenol-A at a level above 0.1 parts per billion, if the product is intended primarily for children three years of age or younger, failed passage in the Senate Floor by a vote of 19 to 18 on August 31, 2010. Therefore, this measure is dead.

We will continue to keep you advised.

WTF:RA
MR:VE:IGEA:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants